

Amherst Finance Committee Meeting
Thursday, March 15, 2018 at 7:00pm
First Floor Meeting Room, Town Hall

Approved 3/22/2018

Attendance: Joseph Jayne, Bernie Kubiak, Tim Neale, Sharon Povinelli, Janice Ratner (Vice Chair), Anurag Sharma, Marylou Theilman (Chair).

Others in Attendance: Sonia Aldrich (Co-Finance Director); Claire McGinnis (Co-Finance Director), Michael Morris, School Superintendent; Sean Mangano, Business Manager; Sharon Sharry, Library Director

Meeting called to order at 7:03 PM

1. Budget Topics

Joint Capital Planning Committee (JCPC) – Claire McGinnis

McGinnis offered an overview of the Joint Capital Planning Process and application form which resulted in the Capital Plan presented to the Finance Committee. The JCPC will reduce, reconfigure requests. The plan beginning this year is extended from five to ten years. Expenditures of capital funds is tracked and accounted for.

Plan is sorted by equipment, buildings and facilities, with summaries at the end of each category that form the basis for town meeting votes. Entries are color coded to indicate fiscal year and funding source. Studies are included in the facilities section. Cover page reflects funding sources that support the plan. If the town stays with the plan, 9% of the levy will be used to fund purchases. The manager's emphasis this year is on roads and sidewalks, reflecting the recent pavement management plan.

Neale asks about funding for a bus in the plan. Morris responded that the school does own and provide some bus transportation along with contracting with two other organizations.

Selectboard added a citizen's capital request option for FY 19. Three requests were received, all related to sidewalks or cross walks. Requests were reviewed and ultimately referred to the Transportation Advisory Committee. The process will be reviewed for use in the future.

Amherst Elementary and Regional Schools – Michael Morris, Sean Mangano

Both budgets stay within the 3.5% increase guidance. Both budgets had significant reductions and in both health insurance had an impact on those reductions.

\$537,000 reduction in a level service budget for the Amherst schools, again insurance costs had an impact on those reductions. There is a placeholder in the budget due to contract negotiations. Povinelli questions fluctuations in the food service budget – there are costs that show up now in food service that previously was under contracted services. Costs have actually gone down, participation has gone up. OPEB liability will increase because of staff hires. Change was made due to dissatisfaction with the service, not for financial reasons but school was running negative balances with the vendors.

Sharma asks for context to the health insurance numbers. There is contract language that needs to be changed, resolved regarding health insurance, the schools are part of the same system as the town. The years of zero percent increases are gone. Some of the changes proposed may have a positive impact on OPEB costs.

Jayne asks about special education costs. Reductions are due largely to staff turnover.

In response to Theilman's question regarding food service -- staff now start at \$12.00/hour, to encourage retention. Food service staff has incentive pay in their contract if they hit participation targets, workers have more freedom in what and how food is served.

Sharma asks about impact of inflation: health insurance, transportation contracts have an inflation escalator, food services.

Level services increases over the current fiscal year are being driven by health insurance, payroll (contracts being renegotiated). Choice funds in have doubled over choice funds out. Education model for

special education and preschool have created a slight increase, slight increase in ELL staff (27% of students are not English speaking). Out of school time coordinator moved to Amherst budget in its entirety. Budget reductions were detailed, including the procurement specialist shared with the town. Grant summary: slow decline in grants continues early education grants are being phased out by FY 20 or have been phased out. Title IIA grant is at risk of elimination.

Revolving fund summary: discussion regarding change in circuit breaker funding reimbursement. Circuit breaker funds are used to support special education, sometimes out of district tuition, other times for staffing. Circuit breaker funds have gone down slightly. The Superintendent noted that food service funds are trending positively. School choice numbers are going up, being more assertive at filling empty seats, doing outreach, and advertising. Have a waitlist at present. There is about a 15% turnover in students due to transient nature of the community.

Regionalization (K-6) is under discussion, will happen if there is substantial benefit to both communities. Issues are governance and finances.

Regional School Proposed Budget: assessment methodology continues to be a struggle, moving away from five year rolling average, working with multiple working groups but still no agreement on a permanent assessment methodology. Phasing into the statutory method over five years is the current proposal, with Amherst agreeing to the first year only. Amherst budget was voted unanimously by the school committee, regional budget was also voted unanimously. Recommended budget is \$31,815,351.00 Amherst assessment stayed at the 3.5% level as recommended by the Finance Committee. Overall, there is a net reduction to the projected level services budget of \$1,158,750.

Discussion regarding charter and choice, reviewing table of comparative rates with contiguous school systems: Charter piece is underfunded by the state. Regional transportation is also underfunded but there's some optimism that it will be increased as an alternative to changes in the charter reimbursement.

Review of regional school revenues: small decrease in Chapter 70 aid, transportation reimbursement decreased slightly. Medicare Part D funds are now being used in the year received.

Review of E&D and school choice funds, history.

Expense side of the budget: big driver of increases is insurance costs. In the regional budget, only about 60% of the budget gets an increase from the towns, the remainder comes from Chapter 70 and other sources. Morris reviewed budget adjustments, additions, reductions in detail. Budget adjustments resulted in \$160,000.00 in savings. Staff additions, particularly focused on Chinese instruction, added \$114,000.00 in costs, 2.4 FTEs. Budget reductions totaled a decrease of 11.38 FTEs and other cuts for a total reduction of \$1,112,750.00. Overall reduction amounts to 8.98 FTEs, \$1,158,750.00.

Capital budget: Hiring an architect to do a building use study to see if high and middle schools can be combined and what it might take to accomplish that. Another question is moving the sixth grade to the high school. Need to know the fiscal and infrastructure implications before any further discussions.

Summit Academy relocation to high school, middle school roof maintenance, middle school boiler and Summit Academy renovations are included as well.

OPEB net obligation is \$30,711,661, trust is set up, making budget contributions albeit small ones but there is a funding plan in place.

Library Budget: Sharon Sharry

Health insurance is an issue. The Trustees have approved a 5% withdrawal from the endowment plus a sum of money to be taken later to make up a projected budget gap of about \$36,000.00. Budget situation is complicated because bills are paid through both the town and the library corporation. Health insurance costs, increase in minimum wage, decrease in endowment withdrawal have adversely impacted the budget. The town's appropriation has not kept up with minimum wage and health insurance increases. Once minimum wage goes to \$15, the entire wage chart will have to be recalculated.

State aid requirements: MBLC regulations allow decreases to libraries only if all budgets are cut.

Budget trends: endowment draw has been trending down, income from fundraising is increasing.

Donations are up. Endowment took a hit when the trustees switched from passive to active management, current board has switched back, so the endowment and Woodbury fund are both doing better.

Budget request is \$2,683,069.00; town portion is \$1,993,466.00 (3.5% increase). Budget document shows a FY 18 adjusted budget that reflects changes made in upgrading certain employees to reflect their responsibilities and increase costs for health benefits. There are three part time positions that will not be filled.

Actual expenses and income: reserves were relied on to meet deficits in previous years. State aid funds and gifts made up the reserves. Each year from FY 13 the library faced a deficit in revenue but using reserves has allowed the endowment withdrawals to stay at 4%. There are no reserves available for FY 19 should budget gaps occur. Likely any shortfall will be made up by taking from the endowment.

2. News affecting the Budget (Other Sources)

None

3. Committee and Liaison Reports

None

4. Minutes of Previous Meeting

Minutes of March 1, 2018. Povinelli moved acceptance, Ratner seconded. Motion carried 5 -0, 1 absent, 1 abstained

5. Topics not reasonably anticipated by the chair 48 hours in advance of Meeting

Povinelli moved to adjourn, Neale seconded. Vote was unanimous and the meeting ended at 10:17 PM

6. Next Meeting and Budget Topics:

Thursday, March 22, 2018

Community Preservation Act Committee (CPA)

Petition Articles

Finalize Positions for Town Meeting

Respectfully submitted,

Bernie Kubiak

Clerk Pro Tem

Documents referred to:

Draft Joint Capital Planning Recommendations dated 3/15/18

Amherst Public Schools 2019 Budget Summary

Amherst – Pelham Regional School FY 19 Budget Summary

Proposed Fiscal Year 2019 Town Library Budget

Minutes of March 1, 2018